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RECORDATION NO. **23633** FILED

AUG 31 2001 9-09 AM
TS
SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

August 30, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are five (5) copies of a Security Agreement, dated as of August 31, 2001, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Borrower: Helm Pacific Leasing
c/o Helm Pacific Corporation
One Embarcadero Center
San Francisco, CA 94111

Secured Party: Fleet National Bank
100 Federal Street
Boston, MA 02110

A description of the railroad equipment covered by the enclosed documents is:

all properties, assets and rights of the Borrower, wherever located,
NOW OWNED OR HEREAFTER ACQUIRED

Mr. Vernon Williams
August 30, 2001
Page Two

A short summary of the document to appear in the index follows:

Security Agreement

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anm
Enclosures

AUG 31 '01

9-09 AM

SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT, dated as of August 31, 2001 ("Security Agreement"), is between HELM- PACIFIC LEASING, a Nebraska general partnership, ("Borrower"), and FLEET NATIONAL BANK ("Secured Party"), as agent for itself and the other Lenders which are or may become parties to that certain Second Amended and Restated Revolving Credit and Term Loan Agreement (as the same may be amended, restated or supplemented from time to time, the "Credit Agreement"), dated as of August 31, 2001, among Borrower, such Lenders as are or may become parties to the Credit Agreement in accordance with the terms thereof and Fleet National Bank, as agent for the Lenders. Capitalized terms used herein without definition and which are defined in the Credit Agreement shall have the same meanings herein as therein. All definitions shall be equally applicable to both the singular and plural forms of the defined terms.

FOR VALUE RECEIVED, the receipt of which is hereby acknowledged, including enabling the Borrower to obtain credit or other financial accommodations from the Lenders, the Borrower hereby agrees as follows:

§1. Grant of Security Interest. To secure the payment and performance of the Obligations, Borrower hereby assigns, pledges, mortgages and grants to Secured Party a continuing security interest in and Lien on all of Borrower's right, title and interest in and to all properties, assets and rights of the Borrower, wherever located, now owned or hereafter acquired or arising, including, without limiting the generality of the foregoing, such right, title and interest in and to the following properties, assets and rights (all of which, together with the foregoing, are hereinafter sometimes collectively referred to as the "Collateral"):

- (a) All Transportation Equipment;
- (b) All other equipment, fixtures, and other personal property of every kind and nature;
- (c) All Leases;
- (d) (i) All rent, issues, profits, revenues, fees, lease payments, additional rents and all other amounts due or to become due and payable to Borrower from any Person arising from or pursuant to the Leases, including without limitation, all mileage allowances paid by any railroad or other user for the use of the Transportation Equipment, (ii) all claims for damages arising out of the breach or termination of the Leases, (iii) the right, if any, to terminate the Leases, to perform thereunder and to compel performance of the terms thereof, (iv) the right to take possession of the Transportation Equipment subject to the Leases, (v) the right to give waivers and to enter into any amendments relating to the Leases or any provision thereof, (vi) the right to take such action upon the occurrence of an event of default (as therein defined) under the Leases, including, without limitation, the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Leases or by law, (vii) all other rights, claims, causes of action, if any, which Borrower may have against any lessee, including, without limitation, the right to exercise any options or remedies under the Leases; (viii) all other proceeds (including, without limitation, casualty value insurance and indemnity payments) due

from any lessee pursuant to a Lease, whether the result of a casualty occurrence, damage to or destruction of any Transportation Equipment or otherwise; and (ix) all chattel paper, contracts, instruments and other documents evidencing each Lease and any monies due or to become due to Borrower thereunder or related thereto; and (x) all payments under insurance policies payable by reason of any loss, tort or other claims or awards arising out of any damage to, condemnation, or requisition of any Transportation Equipment;

(e) All warranties, indemnities, claims, contracts, rights to payment of money or similar rights including those with respect to the Transportation Equipment including, without limitation, any such rights relating to the reconditioning work performed on any Transportation Equipment, tax refund claims, and policies and contracts of insurance;

(f) All rights, if any, to the identifying marks assigned to the Transportation Equipment;

(g) All supporting obligations, assigned interests held by Borrower in leases or other properties of any other Person, and other property in favor of or given or granted Borrower, including, without limitation, those securing or as support for the payment or performance of any Lease;

(h) All Records; and for purposes hereof "Records" means all Borrower's computer programs, software, hardware, source code and data processing information, and, all books, invoices, ledgers and other writings pertaining to, the Transportation Equipment, the Leases or any other item of Collateral;

(i) All goods, inventory, accounts, accounts receivable, notes receivable and chattel paper;

(j) All documents, instruments; and

(k) All general intangibles;

(l) All monies and property of Borrower now or hereafter coming into possession, authority or control of Secured Party or any agent or affiliate of Secured Party (including the Depository Lender (referred to in §6(a) hereof) with respect to the agency deposit account referred to in §6 (a)) in any way, for any purpose (whether for safekeeping, deposit, custody, pledge, transmission, or otherwise); and

(m) All improvements, replacements, attachments, additions, accessories and accessions to, substitutions for, products and proceeds of all of the properties or interests described in this §1, including, without limitation, all funds held in the Cash Collateral Account (referred to in §6(b) hereof) and all products or masses into which any goods are physically united such that their identity is lost.

§2. Obligations Secured. The Collateral constitutes and will constitute continuing security for all of the Obligations of Borrower to secured Party and the Lenders, which Obligations include, without limitation, all costs and expenses, including attorneys' fees, incurred by secured Party or any Lender in connection with the collection and enforcement hereof, provided that for

purposes of this Security Agreement (a) "Obligations" shall also include Borrower's obligations to any one or more Lenders arising out of any interest rate hedging arrangement or agreement (an "Interest Rate Agreement") entered into by Borrower with such Lender or Lenders (each an "Interest Rate Party") to satisfy the provisions of §2.24 of the Credit Agreement and (b) the loss or economic exposure of an Interest Rate Party, if any, resulting from a breach by Borrower of the relevant Interest Rate Agreement, as reasonably determined by such Interest Rate Party in accordance with sound financial practices, shall be deemed "principal" for purposes of the application of proceeds pursuant to §3.

§3. Pro Rata Security Application and Proceeds of Collateral. All amounts owing with respect to the Obligations shall be secured by the Collateral pro rata based on the amount of the Obligations owing to the Agent and each Lender without distinction as to whether some Obligations are then due and payable and other Obligations are not then due and payable. Upon any realization upon the Collateral by Secured Party, including receipt of insurance proceeds or payment in lieu thereof or upon foreclosure and sale of all or part of the Collateral, the proceeds thereof shall be applied (a) first, to the payment of reasonable expenses incurred with respect to maintenance and protection of the Collateral pursuant to §6 or as otherwise provided for herein and of expenses incurred pursuant to §12 with respect to the sale of or realization upon any of the Collateral or the perfection, enforcement or protection of the rights of Secured Party (including reasonable attorneys' fees and out-of-pocket expenses of every kind), (b) second, to all amounts of interest, expenses, fees, and other charges outstanding which constitute Obligations in such order as Secured Party shall determine, in its discretion, (c) third, to all amounts of principal outstanding which constitute obligations and (d) fourth, any surplus shall be paid to Borrower.

§4. Representations and Warranties. Borrower represents and warrants to Secured Party that on the date hereof and on each Borrowing Date:

(a) Borrower's chief executive office and principal place of business is located at and it maintains its books and records at One Embarcadero Center, Suite 3700, San Francisco, CA 94111. Borrower's exact legal name is as set forth in the preamble hereof, and Borrower has not conducted business under any name other than "Helm-Pacific Leasing." Borrower has no other place of business except at One Embarcadero Center, San Francisco, California 94111.

(b) No Event of Default or Default exists.

(c) Other than Permitted Liens, in any recording or filing office in California and Nebraska, and to the best of Borrower's knowledge, with respect to any other recording or filing offices, there is no effective financing statement, security agreement or other instrument similar in effect covering all or any part of the Collateral on file in any recording or filing office except such as may have been filed in favor of Secured Party.

(d) Each Lease shall be stored in a prominently identified file cabinet to indicate that it is subject to a security interest in favor of the Agent for the benefit of the Lenders.

(e) Borrower owns the Collateral free and clear of all Liens except for (i) the security interest created by this Security Agreement in favor of Secured Party, (ii) the interests of the lessees under the Leases, and (iii) Permitted Liens.

(f) Borrower has paid or caused to be paid the full cost of the Transportation Equipment and all rights of any vendors of any of such Transportation Equipment holding a security interest therein to secure Borrower's obligations, if any, for the purchase price thereof have been terminated and released.

(g) Borrower has all necessary authority to encumber and grant a security interest in the Collateral.

(h) To the best of Borrower's knowledge, each Lease is the valid and enforceable obligation of the lessee thereunder, enforceable against such lessee in accordance with its terms, subject to applicable bankruptcy and similar laws affecting the rights of creditors generally. To the best of Borrower's knowledge, as of each Borrowing Date, no event of default or termination and no event which with the giving of notice or lapse of time or both would constitute such an event has occurred on the part of any party under any of such Leases. To the best of Borrower's knowledge, there does not exist in respect of any such Lease, any claim, offset, defense or other right on the part of the lessee thereunder to reduce in any manner the rental or other amounts payable under such Lease.

(i) The Transportation Equipment subject to the Leases is described and properly identified by serial, running or other identifying mark and number in such Leases.

(j) The original executed counterpart of each Lease is the only original executed counterpart (other than the one delivered to lessee) of such Lease and Borrower does not have possession of or control over any other duplicate executed counterpart of such Lease.

§5. Covenants. From the date of this Security Agreement and thereafter until this Security Agreement is terminated pursuant to §16:

(a) Upon the occurrence and during the continuation of any Event of Default, Borrower will deliver to Secured Party immediately upon Secured Party's request (i) the Lease Files (as defined in §6(d)), (ii) the originals of all instruments and documents constituting Collateral, endorsed and assigned, (iii) all proceeds of the Collateral, and (iv) the Records;

(b) At all times, all Transportation Equipment shall be insured pursuant to § 7.15 of the Credit Agreement.

(c) At all times, Borrower shall keep and maintain the Collateral free and clear of all Liens except (i) the Lien granted Secured Party hereunder, (ii) the interests of the lessees under the Leases, and (iii) Permitted Liens.

(d) Borrower will pay or cause to be paid when due all taxes, assessments and governmental charges and levies upon the Collateral, except as otherwise permitted pursuant to the *proviso* in §7.6 of the Credit Agreement.

(e) Borrower shall execute and deliver to Secured Party from time to time at its request all documents and instruments, including without limitation, financing statements and supplemental security agreements, and to take all action as Secured Party may reasonably deem

necessary or proper to perfect or otherwise protect the security interest in and Lien on the Collateral created hereby.

(f) Borrower will furnish to Secured Party such reports relating to the Collateral as Secured Party may from time to time reasonably request.

(g) Borrower shall faithfully abide by, perform and discharge each and every material obligation, covenant, condition, duty and agreement which the Leases provide are to be performed by Borrower.

(h) Borrower shall cause each lessee to faithfully abide by, perform and discharge each and every material obligation, covenant, condition, duty and agreement which the applicable Lease provides are to be performed, observed and complied with by such lessee and, if a lessee is in default under a Lease or in breach thereof, Borrower shall take appropriate action against such lessee to cause such lessee to cure or remedy such default or breach.

(i) Unless the lessee has indemnified Borrower with respect thereto under the Lease and has appeared in and is then defending any action or proceedings arising under, growing out of or in any manner connected with the obligations, covenants, conditions or liabilities of Borrower under such Lease, Borrower, at Borrower's sole cost and expense, will do so.

(j) Borrower shall notify Secured Party (60) days prior to any: (1) change of Borrower's name, (2) change of the state of Borrower's formation, (3) change of the location where records concerning the collateral are kept, or (4) change Borrower's chief executive office. Borrower shall not (without Secured Party's advance written consent) file UCC termination statements or correction statements.

§6. Special Provisions. In connection with the Collateral:

(a) Borrower and each Lender acknowledge that a security interest is granted to Secured Party hereunder in the agency deposit account to be maintained from time to time by Borrower with a Lender (such Lender at any time being the "Depository Lender") pursuant to §7.23 of the Credit Agreement. Borrower hereby irrevocably authorizes and directs the Depository Lender, from and after its receipt of written notice from Secured Party of the existence of an Event of Default until such time as Secured Party withdraws such notice, to honor such withdrawal and transfer orders respecting such agency deposit account as Secured Party may issue, notwithstanding any inconsistent or conflicting orders given to Secured Party by Borrower. For purposes of this §6 and §9-304 of the UCC, the jurisdiction of the Depository Lender shall be the State of California.

(b) All cash proceeds of the Collateral received by Secured Party pursuant to any provision of this Security Agreement shall be deposited in a special non-interest bearing collateral account (the "Cash Collateral Account") established with Secured Party. The Cash Collateral Account shall be held by Secured Party as Collateral.

(c) At any time after the occurrence of an Event of Default, Secured Party may, in its sole discretion, take possession of any or all proceeds (including cash proceeds held in the Cash Collateral Account), which Secured Party will apply in accordance with §3.

(d) Without having any obligation to do so, Secured Party may perform or pay any obligation which Borrower has agreed to perform or pay under this Security Agreement including, without limitation, the payment or discharge of taxes or Liens levied or placed on or threatened against the Collateral or obtaining and maintaining insurance as provided in §5(b). In so performing or paying, Secured Party shall determine the action to be taken and the amount necessary to discharge such obligations. Borrower shall reimburse Secured Party on demand for any amounts paid by Secured Party pursuant to this §6(d), which amounts shall constitute Obligations secured by the Collateral.

(e) For the purpose of protecting, preserving and enforcing the Collateral and Secured Party's rights under this Security Agreement, Borrower hereby appoints Secured Party, with full power of substitution, as its attorney-in-fact, effective upon the occurrence of a Default or Event of Default, with full power and authority to do any act which Borrower is obligated to do, or Secured Party has the right to do, hereunder; to exercise such rights with respect to the Collateral as Borrower might exercise; to peaceably enter Borrower's premises where Records are located; to give notice of Secured Party's security interest in and to collect the Collateral and the proceeds; and to execute and file in Borrower's name any financing statements, supplementary security agreements, amendments and continuation statements necessary or desirable to perfect or continue the perfection of Secured Party's security interests in the Collateral. Borrower hereby ratifies all that Secured Party shall lawfully do or cause to be done by virtue of this appointment.

(f) During the continuance of any Event of Default, Secured Party may act as attorney-in-fact for Borrower with full power and authority, (i) in obtaining and maintaining insurance provided for in §5(b), prepare, adjust, execute, deliver and receive payment under insurance claims, and collect and receive payment of and endorse any draft or instrument in payment of loss or returned premiums or any other insurance refund or return and (ii) in obtaining any payments in lieu of insurance due from any lessee who is a self-insurer under a Lease; and, during the continuance of an Event of Default, any amounts collected or received under any such policies or in lieu thereof shall be applied by Secured Party to Obligations in accordance with the provisions of §3, or at the option of Secured Party, the same may be released to Borrower, but such application or release shall not cure or waive any default hereunder and no amount so released shall be deemed a payment on any Obligation secured hereby.

(g) To further carry out the terms of this Security Agreement, during the continuance of any Event of Default, Secured Party may, as Borrower's attorney-in-fact:

(1) Execute any statements or documents to take possession of, and endorse and collect and receive delivery or payment of, any checks, drafts, notes, acceptances or other instruments and documents constituting the payment of amounts due and to become due or any performance to be rendered with respect to the Collateral;

(2) Sign and endorse any storage or warehouse receipts; drafts, certificates and statements under any commercial or standby letter of credit, assignments, leases, bills of sale, or any other documents relating to the Collateral, including, without limitation, the Records;

(3) File any claim or take any other action or proceeding in any court of law or equity or as otherwise deemed appropriate by Secured Party for the purpose of collecting any and all monies due or securing any performance to be rendered with respect to the Collateral; and

(4) Commence, prosecute or defend any suits, actions or proceedings or as otherwise deemed appropriate by Secured Party for the purpose of protecting or collecting the Collateral; and in furtherance of this right, Secured Party may apply for the appointment of a receiver or similar official, and, to the fullest extent permitted by law, Borrower hereby waives any right to oppose such appointment.

(h) The powers of attorney created in §§6(e), (f) and (g) are powers coupled with an interest and are irrevocable. The powers conferred on Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon Secured Party to exercise such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and in no event shall Secured Party or any of its directors, officers, employees, agents or representatives be responsible to Borrower for any act or failure to act, except for negligence or willful misconduct. Secured Party may exercise such powers of attorney without notice to or assent of Borrower, in the name of Borrower, or in Secured Party's own name, from time to time in Secured Party's sole discretion and at Borrower's expense.

(i) Borrower acknowledges Secured Party's right, to the extent permitted by applicable law and in good faith, singly to execute and file financing statements without execution by Borrower.

§7. Interest Rate Parties. Any Interest Rate Party which enters into an Interest Rate Agreement with Borrower shall be entitled to participate in this Security Agreement and, beneficially, in the Collateral. No reference herein to an Interest Rate Party shall be construed to amend or waive any provisions of the Loan Documents limiting or regulating Borrower's ability to incur additional Indebtedness or grant additional Liens upon its assets. An Interest Rate Party shall so participate under this Security Agreement by executing a supplemental agreement hereto, approved by the Required Lenders and Secured Party, which approvals shall not be unreasonably withheld, in each case accepting the terms of this Security Agreement, as amended and supplemented to the date thereof. Any such Interest Rate Party, to the extent applicable, shall undertake in such supplemental Agreement, to comply with the provisions of §9.2 of the Credit Agreement as if it were a "Lender" thereunder.

§8. Remedies. Upon the occurrence and during the continuance of any Event of Default, whether or not the Obligations are due, Secured Party may demand, sue for, collect, or make any settlement or compromise it deems desirable with respect to the Collateral. Regardless of the adequacy of the Collateral or any other security for the Obligations, after the occurrence and during the continuance of an Event of Default, any deposits or other sums credited by or due from Secured Party to Borrower may at any time be applied to or set off against any of the obligations. The amount of any such setoff shall be applied as provided in §3 hereof. Upon the occurrence and during the continuance of any Event of Default (whether or not any acceleration

of the maturity of the amounts due in respect of any of the Obligations shall have occurred), to the fullest extent permitted by applicable law:

(a) Secured Party shall have, in addition to all other rights and remedies given it by any instrument or other agreement evidencing, or executed and delivered in connection with, any of the Obligations and otherwise allowed by law, the rights and remedies of a Secured Party under the Uniform Commercial Code as enacted in any applicable jurisdiction and the rights and remedies of a Secured Party holding a security interest in collateral pursuant to the Interstate Commerce Commission Termination Act of 1995, as amended, and without limiting the generality of the foregoing, Secured Party may without (to the fullest extent permitted by law) demand of performance or advertisement or notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever, (except that Secured Party shall give to Borrower at least ten days' notice of the time and place of any proposed sale or other disposition), all of which are hereby expressly waived to the fullest extent permitted by law, sell at public or private sale or otherwise realize upon, in the City of Boston, Massachusetts, or elsewhere, the whole or from time to time any part of the Collateral in or upon which Secured Party shall have a security interest or Lien hereunder, or any interest which Borrower may have therein, and after deducting from the proceeds of sale or other disposition of Collateral all expenses (including all reasonable out-of-pocket expenses for legal services) as provided in §12, shall apply the residue of such proceeds toward the payment of the Obligations in accordance with §3 of this Security Agreement, with Borrower remaining liable for any deficiency remaining unpaid after such application and being entitled to any surplus. If notice of any sale or other disposition is required by law to be given to Borrower, Borrower hereby agrees that a notice given as hereinbefore provided shall be reasonable notice of such sale or other disposition. Borrower also agrees to assemble the Collateral at such place or places as Secured Party reasonably designates by notice. At any such sale or other disposition Secured Party may itself, and any other Person owed any Obligation may itself, to the extent permitted by applicable law, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of Borrower, which right is hereby waived and released to the fullest extent permitted by applicable law.

(b) Secured Party may (i) enter upon the premises of Borrower, exclude Borrower therefrom and take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court therefor; (ii) at its option, use, operate, manage and control the Collateral in any lawful manner; (iii) demand, collect, receive, retain, and give acquittance for all rents, income, revenue, earnings, issues and profits therefrom; (iv) endorse and cash any checks, drafts or other orders for the payment of money payable to Borrower, and negotiate any other instrument or compromise any claim, in each case, if desirable, in the name of Borrower; (v) perform or discharge any obligation or duty of Borrower under the Leases to such extent as Secured Party may deem necessary or advisable to protect the security provided hereunder; (vi) assign its rights and interests in the Leases, without Borrower's consent, to any successor or assignee of Secured Party or to any other third party; (vii) maintain, repair, renovate, alter or remove the Collateral as Secured Party may reasonably determine in its discretion; (viii) file any claims or take any action or proceedings which Secured Party may deem to be necessary or advisable, in the name of Borrower if desirable; and (ix) otherwise act in accordance with the rights, powers and interest assigned and granted to Secured Party pursuant to this Security Agreement.

(c) With respect to the Leases:

(i) Borrower shall, at the request of Secured Party, notify the lessee of each Lease of the security interest of Secured Party in such Lease that payments under such Leases are to be made directly to Secured Party, and Secured Party may itself at any time during the continuance of such Event of Default, without further notice to or demand upon the Borrower, so notify such lessees by sending a Lease Directive or other notification to such Person.

(ii) It is expressly agreed by Borrower that, anything herein to the contrary notwithstanding, Borrower shall remain liable under each Lease to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. Secured Party shall have no obligation or liability under any Lease by reason of or arising out of this Security Agreement or the assignment of any Lease to Secured Party or the receipt by Secured Party of any payment relating to such Lease pursuant hereto, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Borrower under or pursuant to any Lease, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by any party under such Lease, or to present or file any claim, or to take any action to enforce the observance of any obligations of any party to such Lease.

(iii) Notwithstanding the foregoing, Secured Party recognizes the right of the lessee under each Lease to the quiet enjoyment of the Transportation Equipment that is subject to such Lease so long as such lessee is not in default under its Lease, and Secured Party agrees that in pursuing its remedies under this §8(c) it shall not interfere with such quiet enjoyment so long as no such default exists.

Monies collected or received by Secured Party pursuant to this §8 shall be applied to, or may be accumulated for application upon, the Obligations in accordance with §3 of this Security Agreement.

Secured Party will give notice to Borrower of any enforcement action taken by it pursuant to this §8 promptly after commencing such action. In case Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then in each and every such case Borrower, Secured Party and the Lenders shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the security interest and Lien created under this Security Agreement.

§9. Marshaling. Secured Party shall not be required to marshal any present or future security for (including, without limitation this Security Agreement and the Collateral subject to the security interest created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may waive such right, Borrower hereby agrees that it will not invoke any law relating to the marshaling of Collateral which might cause delay in or impede the enforcement of Secured Party's rights under this Security Agreement or under any instrument evidencing any of the Obligations or under which any of the Obligations is

outstanding or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may waive such benefits, Borrower hereby irrevocably waives the benefits of all such laws.

§10. Borrower's Obligations Not Affected. Subject to the provisions of §15 hereof, to the extent permitted by applicable law, the obligations of Borrower under this Security Agreement shall remain in full force and effect without regard to, and shall not be impaired by, (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of Borrower; (b) any exercise or nonexercise, or any waiver, by Secured Party of any right, remedy, power or privilege under or in respect of any of the Obligations or any security therefor (including this Security Agreement); (c) any amendment to or modification of this Security Agreement, any other Loan Document or any instrument evidencing any of the Obligations or pursuant to which any of them were issued; (d) any amendment to or modification of any instrument or agreement (other than this Security Agreement) securing any of the Obligations; or (e) the taking of additional security for or any guaranty of any of the Obligations or the release or discharge or termination of any security or guaranty for any of the obligations; and whether or not Borrower shall have notice or knowledge of any of the foregoing.

§11. No Waiver. No failure on the part of Secured Party to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power hereby granted to Secured Party or allowed to it by law or other agreement, including, without limitation, the Credit Agreement, the Notes or any other Security Document, shall be cumulative and not exclusive of any other, and, subject to the provisions of this Security Agreement, may be exercised by Secured Party from time to time.

§12. Expenses. Borrower agrees to pay, on demand, all reasonable out-of-pocket costs and expenses (including reasonable attorneys fees and expenses for legal services of every kind) of Secured Party incidental to the sale of, or realization upon, any of the Collateral or in any way relating to the perfection, enforcement or protection of the rights of Secured Party hereunder, provided that if Borrower prevails on the merits in any legal action brought by Secured Party related to the foregoing, Borrower shall not be required to pay such costs and expenses of Secured Party in such legal action; and Secured Party may at any time apply to the payment of all such costs and expenses all monies of Borrower or other proceeds arising from its possession or disposition of all or any portion of the Collateral pursuant to this Security Agreement.

§13. Consents, Amendments, Waivers, Etc. Any term of this Security Agreement may be amended, and the performance or observance by Borrower of any term of this Security Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only in accordance with the provisions of §17 of the Credit Agreement.

§14. Governing Law. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located or by applicable law of the United States of America, this Security Agreement and the parties' rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Massachusetts.

§15. Parties in Interest. All terms of this Security Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that Borrower may not assign or transfer its rights hereunder without the prior consent of the Lenders and the Agent may assign or transfer its rights hereunder only in accordance with §14 of the Credit Agreement.

§16. Termination. Upon payment in full of the Loans and all other amounts then due and payable under the Loan Documents in accordance with their terms, and termination of all Commitments, this Security Agreement shall terminate and Borrower shall be entitled to the return, at Borrower's expense, of such Collateral in the possession or control of Secured Party as has not theretofore been disposed of pursuant to the provisions hereof. The Agent will take such actions as Borrower may reasonably request in order to terminate of record the security interests and Liens created hereby.

§17. Partial Termination. In the event that Borrower shall sell any Transportation Equipment, so long as such sale is permitted under the Credit Agreement, upon and concurrently with the execution and delivery by Borrower and the purchaser of such Transportation Equipment of all documents and instruments necessary to effect such sale and the delivery to Secured Party of copies of such documents and instruments, Secured Party shall release its security interest and Lien granted hereunder in the Transportation Equipment subject to such sale by transmitting to and filing with the Surface Transportation Board a filing request and Partial Termination of Security Agreement in substantially the forms attached hereto as Exhibit A (a "Partial Termination").

§18. Notices. Except as otherwise expressly provided herein, all notices, consents, waivers, approvals shall be in writing. Notices and other communications made or required to be given pursuant to this Security Agreement shall be made in accordance with the provisions of §15 of the Credit Agreement.

§19. Entire Agreement. This Security Agreement is intended by Borrower and Secured Party as the final expression of Borrower's obligations to Secured Party in connection with the Collateral and supersedes all prior understandings or agreements concerning the subject matter hereof.

§20. Miscellaneous.

(a) Definitions in the UCC apply to words and phrases in this Security Agreement.

(b) Borrower hereby authorizes Secured Party to file such financing statements as Secured Party deems necessary to perfect its security interest in the Collateral (including a copy of this Agreement), ratifies and approves all financing statements which Secured Party may have already filed, and authorizes Secured Party to adopt on Borrower's behalf any symbol required for authenticating any electronic filings. So long as no Event of Default exists at the time, Secured Party shall give Borrower reasonable advance notice of the filing of such financing statements. Borrower waives any right to file correction or termination statements without Secured Party's advance written consent.

(c) This Security Agreement or any amendment, may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In making proof of this Security Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as an instrument under seal by their authorized representatives as of the date first written above.

HELM-PACIFIC LEASING

By: HELM PACIFIC CORPORATION
its General Partner

By: Barbara W. Wilson
Name: Barbara W. Wilson
Title: Senior Vice President and
Chief Financial Officer

By: UNION PACIFIC VENTURE
LEASING, INCORPORATED
its General Partner

By: _____
Name: Joseph E. O'Connor, Jr.
Title: President

FLEET NATIONAL BANK,
as Agent

By: _____
Name:
Title:

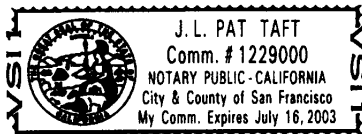
ACKNOWLEDGMENTS

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 28 day of August, 2001, Barbara W. Wilson, to me known (or proved to me on the basis of satisfactory evidence) to be such person and officer of Helm Pacific Corporation, a General Partner of Helm-Pacific Leasing, who executed the foregoing instrument, and acknowledged that he executed the same as such officer as the deed of said corporation, by its authority.

WITNESS my hand and official seal.

Notary Public



STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

On this _____ day of August __, 2001, Joseph E. O'Connor, Jr., to me known (or proved to me on the basis of satisfactory evidence) to be such person and officer of Union Pacific Venture Leasing, Incorporated, a General Partner of Helm-Pacific Leasing, who executed the foregoing instrument, and acknowledged that he executed the same as such officer as the deed of said corporation, by its authority.

WITNESS my hand and official seal.

Notary Public

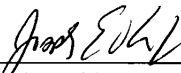
IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as an instrument under seal by their authorized representatives as of the date first written above.

HELM-PACIFIC LEASING

By: HELM PACIFIC CORPORATION
its General Partner

By: _____
Name: Barbara W. Wilson
Title: Senior Vice President and
Chief Financial Officer

By: UNION PACIFIC VENTURE
LEASING, INCORPORATED
its General Partner

By:  _____
Name: Joseph E. O'Connor, Jr.
Title: President

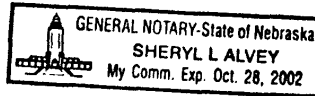
FLEET NATIONAL BANK,
as Agent

By: _____
Name:
Title:

Notary Public

WITNESS my hand and official seal.

Sheryl L. Alvey
Notary Public



IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed as an instrument under seal by their authorized representatives as of the date first written above.

HELM-PACIFIC LEASING

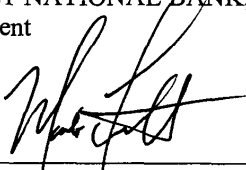
By: HELM PACIFIC CORPORATION
its General Partner

By: _____
Name: Barbara W. Wilson
Title: Senior Vice President and
Chief Financial Officer

By: UNION PACIFIC VENTURE
LEASING, INCORPORATED
its General Partner

By: _____
Name: Joseph E. O'Connor, Jr.
Title: President

FLEET NATIONAL BANK,
as Agent

By:  _____
Name: **Mark Fawcett**
Title: **Director**

STATE OF Massachusetts)
Boston) ss.
CITY AND COUNTY OF Suffolk)

On this 25th day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared Mark Fewell, personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of Fleet National Bank whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
Notary Public
Commission expires: 11/27/03

STATE OF)
) ss.
CITY AND COUNTY OF)

On this _____ day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of Union Bank of California, N.A. whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

The undersigned Lenders are signing this Security Agreement for the limited purpose of acknowledging and agreeing to the matters set forth in §6(a).

FLEET NATIONAL BANK

By: 

Name: **Mark Fawcett**
Title: **Director**

UNION BANK OF CALIFORNIA, N.A.

By: _____

Name: _____
Title: _____

IMPERIAL BANK

By: _____

Name: _____
Title: _____

CALIFORNIA BANK & TRUST

By: _____

Name: _____
Title: _____

CITY NATIONAL BANK

By: _____

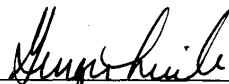
Name: _____
Title: _____

The undersigned Lenders are signing this Security Agreement for the limited purpose of acknowledging and agreeing to the matters set forth in §6(a).

FLEET NATIONAL BANK

By: _____
Name:
Title:

UNION BANK OF CALIFORNIA, N.A.

By: 
Name: Ginger Trimble
Title: Vice President

IMPERIAL BANK

By: _____
Name:
Title:

CALIFORNIA BANK & TRUST

By: _____
Name:
Title:

CITY NATIONAL BANK

By: _____
Name:
Title:

The undersigned Lenders are signing this Security Agreement for the limited purpose of acknowledging and agreeing to the matters set forth in §6(a).

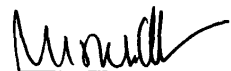
FLEET NATIONAL BANK

By: _____
Name:
Title:

UNION BANK OF CALIFORNIA, N.A.

By: _____
Name:
Title:

IMPERIAL BANK

By: 
Name: Misako Noda
Title: Vice President

CALIFORNIA BANK & TRUST

By: _____
Name:
Title:

CITY NATIONAL BANK

By: _____
Name:
Title:

The undersigned Lenders are signing this Security Agreement for the limited purpose of acknowledging and agreeing to the matters set forth in §6(a).

FLEET NATIONAL BANK

By: _____
Name:
Title:


UNION BANK OF CALIFORNIA, N.A.

By: _____
Name:
Title:

IMPERIAL BANK

By: _____
Name:
Title:

CALIFORNIA BANK & TRUST

By:  _____
Name: Thomas C. Paton, Jr.
Title: Senior Vice President

CITY NATIONAL BANK

By: _____
Name:
Title:

The undersigned Lenders are signing this Security Agreement for the limited purpose of acknowledging and agreeing to the matters set forth in §6(a).

FLEET NATIONAL BANK

By: _____
Name:
Title:

UNION BANK OF CALIFORNIA, N.A.

By: _____
Name:
Title:

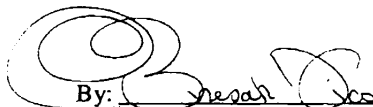
IMPERIAL BANK

By: _____
Name:
Title:

CALIFORNIA BANK & TRUST

By: _____
Name:
Title:

CITY NATIONAL BANK

By:  _____
Name: Nanci Brusati Dias
Title: Vice President

STATE OF)
) ss.
CITY AND COUNTY OF)

On this _____ day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of Fleet National Bank whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

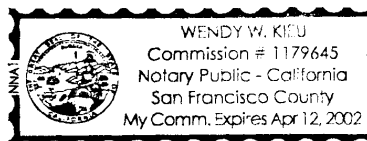
Notary Public

STATE OF *California*)
) ss.
CITY AND COUNTY OF *San Francisco*)

On this 28 day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared Ginger Trimble, personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of Union Bank of California, N.A. whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

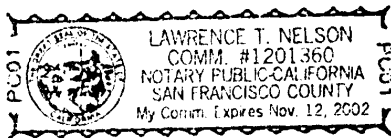
Wendy W. Kieu
Notary Public

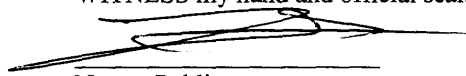


STATE OF California)
CITY AND COUNTY OF San Francisco) ss.

On this 29th day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared Miguel R. Noda, personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of Imperial Bank whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

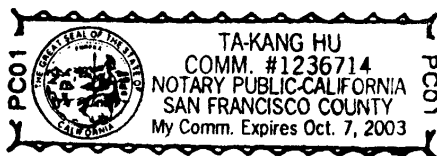



Notary Public

STATE OF California)
) ss.
CITY AND COUNTY OF San Francisco

California Bank & Trust

On this 28th day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared Thomas C. Paton, Jr., ~~personally known to me (or~~ proved to me on the basis of satisfactory evidence) to be such person and officer of ~~Fleet National Bank~~ whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, ~~or the entity upon~~ behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]
Notary Public

STATE OF)
) ss.
CITY AND COUNTY OF)

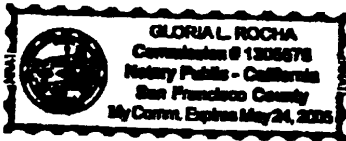
On this _____ day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of Union Bank of California, N.A. whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

STATE OF California)
) ss.
CITY AND COUNTY OF San Francisco

On this 28th day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared N. Brusati Dias personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of City National Bank whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.

Gloria L. Rocha
Notary Public

STATE OF)
) ss.
CITY AND COUNTY OF)

On this _____ day of August, 2001, before the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be such person and officer of California Bank & Trust whose name is subscribed to the within instrument, and acknowledged that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

EXHIBIT "A"
TO
SECURITY AGREEMENT

[DATE]

Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear :

On behalf of Fleet National Bank, we herewith submit for filing and recording under 49 U.S.C. Section 11301 (a) and the regulations promulgated thereunder, four (4) executed counterparts of a document, entitled Partial Termination of Security Agreement (the "Partial Termination"), executed as of _____ which should be included as part of the filing recorded on August __, 2001 at _____ a.m., Recordation No. _____ under the next available recordation number.

The executing party to enclosed Partial Termination is:

Fleet National Bank, as Agent - Secured Party
100 Federal Street
Boston, MA 02110

The Partial Termination, among other things, terminates the security interest of the Secured Party in the equipment listed on Exhibit A to the Partial Termination.

The equipment covered is listed on the Partial Termination.

A short summary of the document to appear in the STB Index is as follows:

"Partial Termination of Security Interest."

Enclosed is a check in the amount of Twenty-Eight Dollars (\$28.00) in payment of the filing fee. Once the filing has been made, please return to bearer the stamped counterparts of the Partial Termination not needed for your files, together with the fee receipt, the letter from the STB acknowledging the filing, and the two extra copies of this transmittal letter.

Very truly yours,

PARTIAL TERMINATION OF
SECURITY AGREEMENT

THIS PARTIAL TERMINATION OF SECURITY AGREEMENT, DATED AS OF _____ by Fleet National Bank, as Agent (the "Agent"), for the benefit of Helm-Pacific Leasing, a Nebraska general partnership ("HPL").

1. Recitals. HPL owns _____ railcars bearing the marks and numbers as listed on Exhibit A attached hereto (the "Units"). HPL has granted a blanket security interest in all of its railcars at any time or from time to time owned by HPL or in which HPL has any interest (the "Collateral"), to the Agent upon the terms and conditions provided in that certain Security Agreement, dated as of August __, 2001, between HPL and the Agent, as amended (the "Security Agreement") and filed at the Surface Transportation Board under Recordation No. _____ filed on August __, 2001 at ____ a.m.

HPL has sold the Units to a third party as permitted by the Security Agreement and desires that the Units be free and clear of any lien or security interest of the Agent. Pursuant to the terms of the Security Agreement, the Agent and HPL desire to terminate the Agent's security interest in the Units.

2. Termination of Security Interest. The Agent's security interest in the Units shall be and is hereby terminated upon the filing of this Partial Termination with the Surface Transportation Board and all of the Agent's right, title and interest in and to the Units shall and has become null and void.

This Release shall have no effect on the Agent's security interest in and lien on any Collateral other than the Units and said security interest in and lien on such other Collateral is hereby reaffirmed.

IN WITNESS WHEREOF, the Agent, pursuant to due authority, has executed this Partial Termination of Security Agreement as of the date first above written.

FLEET NATIONAL BANK,

By: _____
Title: _____

STATE OF)
) ss.
CITY AND COUNTY OF)

On _____, 2001, before me, _____ (here insert name and title (e.g., Notary Public) of the officer), personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT A
TO
PARTIAL TERMINATION

| <u>Transportation Equipment Description</u> | <u>Quantity</u> | <u>Transportation Equipment Nos.</u> |
|---|-----------------|--------------------------------------|
|---|-----------------|--------------------------------------|

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

8/30/01



Robert W. Alvord